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INSIGHTS FROM NUVEEN'S NPOWERED EVENT IN LONDON

From gilts to grids: Five themes shaping the U.K. investment landscape

> "Higher energy prices are reframing the energy transition as an energy security and economic resilience imperative, rather than net zero ambitions."

Nuveen's recent npowered event in London brought together senior investment decision makers, asset managers, policymakers and industry experts to examine the evolving landscape for private markets and alternative assets.

With the U.K. and global economies operating in a structurally different environment from the post-Global Financial Crisis era, the event served as a forum for exploring how long-term portfolios can adapt to higher rates, geopolitical fragmentation and shifting demographic pressures.

Five themes dominated the discussion, each pointing to an investment landscape in which private markets and real assets are no longer peripheral allocations but core components of resilient, long-term institutional strategies.

1. The U.K.'s new higher rate, higher inflation, higher risk environment

The U.K. is operating in a structurally different investment regime, and the conditions that defined the post-GFC decade are unlikely to return. Base rates, currently 3.75% having peaked at 5.25% in 2023, are markedly different from the 0.25%–1% range that prevailed between 2009 and 2022. The consensus opinion of the attendees at the event suggest that a long-term 3–4% range for the ten-year gilt, with the possibility of periodic moves higher, is now the more realistic planning assumption.

Compounding this is a new structural fiscal risk premium in gilts, reinforced by political uncertainty and an erosion of fiscal headroom. The U.K. will also likely remain more sensitive to external capital flows than in previous eras, as the Bank of England and pension schemes recede as the main buyers of gilts, making room for overseas investors.

Globally, we also expect geopolitical shocks, such as risks around Taiwan and the semiconductor supply chain, ongoing tensions in the Middle East and the war in Ukraine, to remain a recurring source of market volatility. Such disruptions together with the ongoing shift from globalisation to regionalisation should spark a higher equilibrium level of inflation as efficiency gains from the previous open-trade era unwind.

2. The U.K. Productive Finance agenda aligns well with institutional investor needs

The U.K. Productive Finance agenda is creating an expanding opportunity set for institutional investors, with private capital expected to play a central role.

The Mansion House Accord, a key pillar of the agenda, is targeting 5% of default defined contribution (DC) assets to be invested in productive U.K. assets, such as research and developments, technology and infrastructure, by 2030. This compares with approximately 0.8% today in private assets.[1] Several major U.K. providers[2] have already committed to invest meaningful proportions of pension plans in private and alternative assets.

Institutional investors are eager to participate in this agenda as real assets and private markets offer the characteristics their portfolios require: long-duration, contracted, often inflation-linked cash flows and structural protections through covenants and security. It also offers exposure to the structural drivers reshaping the U.K. economy, namely life sciences, grid upgrades, energy transition, digital infrastructure and core infrastructure such as utilities, ports and transport. However, for the agenda to deliver at scale, government support and policy continuity will be critical. This ranges from clear frameworks that endure across electoral cycles and faster planning processes, to de-risking mechanisms such as public-private partnerships through the National Wealth Fund and British Business Bank. These will make harder-to-finance segments such as floating offshore wind, carbon capture, usage and storage (CCUS), hydrogen and sustainable aviation fuel more attractive to long-term institutional investors.

3. The U.K. pension decumulation challenge

U.K. pensions are at an inflection point. A generation of defined contribution savers will soon be shifting from accumulating assets to requiring retirement income.

Decumulation will require product innovation that delivers sustainable lifetime income, not solely the managed drawdown of an account balance. Part of the solution is expected to come from greater allocation to income-generating private markets and real assets, which the long time horizons of DC capital can support. Examples discussed at the event included DC default products enabling 20–25% allocations to private markets via specialist manager partnerships, and emerging “flex and fix” structures that combine drawdown in early retirement with deferred annuities purchased mid-decumulation, backed by bulk insurance to pool longevity risk.

International evidence from Switzerland and Chile supports the case for hybrid product design. Annuitisation rates of approximately 55–60% are achieved in these countries by improving plan design for a better user experience than mandating annuitisation. Even a 1% incremental allocation across U.K. DC could equate to approximately £6 billion of new investment in productive U.K. assets.[3]

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4. The opportunities in investment grade private credit

A key theme throughout the event was the maturation of investment grade private fixed income as a core asset class rather than an alternative or opportunistic allocation. Annual issuance has been growing strongly and insurance companies around the world have been increasing their allocations. The investment case rests on durable, predictable income and covenant protection coupled with customization aligned to specific liability profiles and premiums for illiquidity and complexity. Our observations of the market suggest that IG private credit typically offers spreads of at least 50 basis points over comparable public investments, with current spreads averaging around 180 basis points over the 10-year US Treasury for BBB+/A- credit.

New opportunities are increasingly expected to come from private asset-backed finance (ABF), which appears to be the next frontier of the asset class. Private ABF offers a meaningfully diverse collateral set with structural protections such as subordination, triggers and collateral controls. It spans consumer payment solutions, oil and gas PDP, low-income tax credits, data centre receivables, music royalties, retrofit financing such as C-PACE/PLF and other esoteric structures. Triple-A CLOs and ABS have not defaulted in over 42 years, with 80% of rating actions since 2019 being upgrades.

For insurers, Solvency II securitisation reform from 2027 should materially improve the investability of senior non-STS securitisations,[4] with capital charges falling by up to 78% for five-year AA-rated tranches. This opens the $13 trillion U.S. securitisation market—ten times the size of Europe's—as the most immediately scalable opportunity.[5] Risks remain, however. Covenant erosion and recent idiosyncratic stress points reinforce the need for access to a diverse range of deals, high underwriting standards, full covenant protection, conservative leverage and avoiding crowded sectors.

5. Energy security and the energy transition

Higher energy prices are reframing the energy transition as an energy security and economic resilience imperative, rather than net zero ambitions. Recurring geopolitical shocks have disrupted global oil and gas flows, and highlight vulnerabilities of economies dependent on imported fossil fuels.

This is happening at a time when energy demand is widely expected to grow rapidly, driven by AI, digitalisation and electrification of transport and industry. The U.K. has seen electrification costs rise around 88% since 2022, with domestic oil and gas production having fallen over 75% and 70%, respectively, over the past two decades.[6] This is in contrast to Spain, as an example, where a sustained renewable build-out has reduced gas's share of wholesale electricity pricing from 50% five years ago to 25% today. The country now has the lowest power prices among the major economies in Europe.[7]

For U.K. institutional investors, this opens a durable opportunity set across four areas: clean power generation platforms combining renewables with storage; grid build-out and last-mile networks; energy efficiency and behind-the-meter solutions; and moving from clean fuel production to clean molecule production (such as sustainable fuels and biogas) for sectors that are hard to decarbonise through electrification alone. Risks include delivery and construction execution, planning and grid connection delays, and policy uncertainty around subsidy regimes.

Collectively, these five themes suggest the UK investment landscape is being reshaped by long-term structural forces. Higher rates, growing fiscal risk premia and a more fragmented geopolitical backdrop are causing capital to converge around private markets and real assets as investments that may be best suited to this new environment. The Productive Finance agenda makes UK infrastructure and energy assets more attractive, the looming decumulation challenge is pushing DC schemes toward income-generating private allocations and investments such as private credit and private ABF are becoming core institutional holdings. Meanwhile, the global energy transition, combined with an increased focus on energy security, creates durable opportunities across infrastructure investments. For UK institutional investors, the message is clear: A higher-rate, higher-risk world means that private markets are a core, and growing, part of portfolio allocation.

For more information, please visit nuveen.com.

Endnotes

Sources

The content of this piece is based on discussions held at nPOWERED26 London, Nuveen's alternatives investment conference, held in May 2026.

1 Pensions Policy Institute https://www.pensionspolicyinstitute.org.uk/media/cprifji1/ppi-response-to-pension-investment-call-for-evidence.pdf; Bank of England https://www.bankofengland.co.uk/financial-stability-report/2025/december-2025

2 https://www.gov.uk/government/news/pension-schemes-back-british-growth

3 Department of Work & Pensions, https://www.gov.uk/government/publications/pension-fund-investment-and-the-uk-economy/pension-fund-investment-and-the-uk-economy

4 Assets that do not meet the regulatory requirements for simple, transparent and standardised (STS) classification.

5 Source: Nuveen, From punitive to proportionate: Why Solvency II reforms could reignite European insurer demand for securitised assets, March 2026

6 Source: Statbase

7 Trading economics

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